MEMORANDUM

To: Board of Regents

From: Board Office

Subject: Revised FY 2000 Budgets

Date: January 31, 2000

Recommended Action:

Approve the revised FY 2000 General Fund Operating Budgets for the Regent Institutions and the Board Office in the amount of \$1,376,480,839.

Executive Summary:

HF 2039, the FY 2000 deappropriation bill, which reduces state appropriations by \$30 million, was passed by the Legislature and signed by the Governor on January 18, 2000. The Regents share of the appropriations reduction is \$3.4 million.

This legislation represents a mid-year budget reduction and, as such, the Regent institutions and Board Office are presenting revised budgets that reflect the corresponding reductions. The details and impacts of these reductions are identified by institution and appropriation unit. The specific reductions were guided by the strategic planning goals of the Board of Regents and the institutions.

| | Original | | Revised |
|------------------------------------|------------------|-------------------|------------------|
| | FY 2000 | Budget | FY 2000 |
| | <u>Budgets</u> | Reductions | <u>Budgets</u> |
| University of Iowa | 860,544,226 | 1,319,229 | 859,224,997 |
| Iowa State University | 380,532,823 | 1,320,567 | 379,212,256 |
| University of Northern Iowa | 123,814,514 | 446,351 | 123,368,163 |
| Iowa School for the Deaf | 8,423,409 | 40,631 | 8,382,778 |
| Iowa Braille & Sight Saving School | 4,751,995 | 22,358 | 4,729,637 |
| Board Office | <u>1,569,467</u> | 6,459 | <u>1,563,008</u> |
| Total | 1,379,636,434 | \$3,155,595 | 1,376,480,839 |

The University of Iowa Hospitals and Clinics has projected an additional \$244,405 in paying patient revenues to replace the associated UIHC appropriation reductions.

If these reductions were to be carried forward into FY 2001, the institutions would need to reevaluate the decisions made at this time.

Background and Analysis:

On Friday, December 3, 1999 the Governor announced his recommendations to reduce FY 2000 appropriations by \$30 million. These reductions, which included \$3.4 million (½ of 1 percent) for Regent appropriations, are in response to the expected decline in state revenues. The FY 1999 net revenues were \$49.3 million less than the official projection. In October 1999, the Revenue Estimating Conference (REC) projected an additional \$67.4 million decline in the FY 2000 projected net state revenues. In December 1999, the REC projected a slight decrease of \$2.0 million from the October estimate.

The 2000 Session of the Iowa General Assembly convened on Monday, January 10, 2000. The Legislature considered the Governor's appropriations reduction bill during the first week of session and passed it during the second week. The Governor signed the bill (HF 2039) on January 18, 2000. The Board Office, after consultation with the institutions, provided the allocation by appropriation unit to the Department of Management on January 19, 2000 as required by the bill.

The following details are arranged by Regent institution and Board Office. Each section identifies the impact of the appropriations reductions to the budgets.

UNIVERSITY OF IOWA FY 2000

| | Original | | Revised |
|---|---------------------|-------------------|-----------------|
| <u>.</u> | Appropriations | Reduction | Appropriations |
| 0 | #040 404 005 | #4.450.070 | Ф 0.47 007 0.40 |
| General University | \$248,481,025 | \$1,153,376 | \$ 247,327,649 |
| Primary Health Care | 901,405 | 4,507 | 896,898 |
| University Hospital | 32,679,312 | 163,397 | 32,515,915 |
| Psychiatric Hospital | 8,241,465 | 41,207 | 8,200,258 |
| Hospital School | 7,305,037 | 36,525 | 7,268,512 |
| Oakdale Campus | 3,169,417 | 15,847 | 3,153,570 |
| Hygienic Laboratory | 4,074,514 | 20,373 | 4,054,141 |
| Family Practice | 2,398,895 | 11,994 | 2,386,901 |
| SCHS - Cancer, Hemophilia, High Risk Infant | 655,199 | 3,276 | 651,923 |
| Public Health Initiative | 1,050,000 | 100,000 | 950,000 |
| Ag Health And Safety | 279,690 | 1,398 | 278,292 |
| State Of Iowa Cancer Registry | 214,020 | 1,070 | 212,950 |
| Substance Abuse Consortium | 75,536 | 378 | 75,158 |
| Biocatalysis | 1,074,259 | 5,371 | 1,068,888 |
| National Advanced Driving Simulator | 297,104 | 1,486 | 295,618 |
| Advanced Drug Development | 283,094 | 1,415 | 281,679 |
| Oakdale Research Park | 239,777 | 1,199 | 238,578 |
| Tech Innovation Center | 110,920 | 555 | 110,365 |
| Birth Defects Registry | 51,984 | 260 | 51,724 |
| Subtotal | \$311,582,653 | \$1,563,634 | \$310,019,019 |

General University

In implementing the appropriation reduction, the University of Iowa will not impose budget cuts for student financial aid, library acquisitions, or library operations. Only a very nominal reduction has been allocated to the College of Liberal Arts because of the continued pressure from increased enrollments and the University's commitment to providing access to courses to allow for timely graduation.

The University has allocated a higher percentage reduction to central administrative units to reduce the impact on academic units. Equipment purchases totaling approximately 1/3 of the total General University appropriation reduction will be deferred.

The University has carefully reviewed the Biosciences Initiative, Art and Humanities Initiative, Technology-Based Teaching, and Public Health Initiative, all of which received new appropriations in recent years. Certain budgeted expenditure items for FY 2000 will be deferred.

University of Iowa Hospitals and Clinics

The University of Iowa Hospitals and Clinics appropriation units include the University Hospital, Psychiatric Hospital, University Hospital School, and Specialized Child Health Services program.

University Hospital

The appropriation to University Hospital is exclusively for the medical and surgical care of indigent persons, in accord with Chapter 255 of the Iowa Code. It provides for the comprehensive care of these patients and covers expenses of hospital diagnosis, treatment, including surgery, drugs, and supplies, transportation, and food and housing within the hospital while care is provided.

The UIHC does not believe it is possible to adequately meet the health needs of an indigent patient by removing part of this comprehensive care. The most feasible solution for UIHC would be to absorb this cut by reducing the number of patients served by the UIHC Indigent Care Program. However, beginning in 1985, the General Assembly has conditioned the annual appropriation on a requirement that the UIHC maintain the total number of quota issued to the counties at the same level as the prior year. Thus, the UIHC is legally precluded from unilaterally reducing the number of patients eligible for treatment.

The remaining patients served under this program include the Department of Corrections' population. Services to these patients would need to be curtailed this fiscal year if paying patient revenues are not sufficient to absorb the appropriation reduction. The University Hospital will attempt to increase the current subsidization of the indigent care program with paying patient revenues.

Psychiatric Hospital

Many lowans' only access to psychiatric care is through programs provided by the Psychiatric Hospital. Sixty-eight of lowa's 99 counties have no psychiatrists. Many psychiatrists in the state decline to accept Medicaid patients. Thus, the Psychiatric Hospital has become a statewide safety net for lowans without psychiatrists in their counties and for Medicaid recipients who have been effectively denied care. This is of particular concern for lowa's rural population where there is lack of access to psychiatric care. The Psychiatric Hospital will increase the current subsidization of the indigent care program with paying patient revenues.

Hospital School

Hospital School is lowa's only tertiary health care resource dedicated exclusively to serving lowans with complex disabilities. Many patients suffer from severe lifelong neurological, muscular, or skeletal disabilities and require intense assistance to develop the physical, intellectual, and social skills to live successfully with their conditions. As these highly specialized resources are not available elsewhere in the state, those patients who would no longer be served by the Hospital School would go without care. Therefore, the Hospital School will increase the current subsidization of the state program with paying patient revenues.

Specialized Child Health Services (Cancer, Hemophilia, High Risk Infant)

Funding cuts can result in a reduction of care and care coordination in programs for babies and children statewide with complex medical needs such as cancer, hemophilia, and muscular dystrophy. Many of these services are provided in the child's local community and involve long-term, sometimes lifetime, treatment for a complex or terminal condition. The health and family education and support provided by Specialized Child Health Services are very seldom available in the child's local community. Therefore, it is SCHS's plan to subsidize the current program with additional funds provided from the University of Iowa Hospitals and Clinics.

Oakdale Campus

Funds designated for building renewal will be reduced. This will prolong efforts to address the backlog of deferred maintenance already identified on the Oakdale Campus.

Hygienic Laboratory

The reduction to the Hygienic Laboratory budget will further delay the ability to respond to and monitor events and accidents due to not filling an open chemist position at this time.

Statewide Family Practice Training Program

The reduction in the appropriation for the Statewide Family Practice Training Program will require a commensurate reduction in both the direct and indirect support available to the community-based training programs.

Primary Health Care

The Department of Family Medicine will continue its efforts in medical student and resident education but these efforts will be diminished as a result of the reduction in resources available.

Technology Innovation Center and Oakdale Research Park

Supply purchases will be reduced which will further erode the purchasing power of already limited resources.

Special Purpose

A reduction in the budgets to these units will reduce funds available for operation, outreach, and training, or entrepreneurial activities aimed at external leveraging of the state support.

IOWA STATE UNIVERSITY FY 2000

| | Original Appropriations | Reduction | Revised Appropriations |
|--|-------------------------|------------------|---------------------------|
| General University | \$194,030,959 | \$1,057,409 | \$192,973,550 |
| Center In Plant Science Agriculture Experiment Station | 2,200,000 36,252,371 | 8,539 140,736 | 2,191,461 36,111,635 |
| Cooperative Extension Service Institute For Physical Research And Technology | 23,561,869 4,590,620 | 91,098 17,819 | 23,470,771 4,572,801 |
| Leopold Center Livestock Disease Research | 576,969 279,077 | 2,240 | 574,729 279,077 |
| Small Business Development Center (SBDC) Research Park/Isis | 1,262,364 392,822 | 2,726 | 1,259,638 392,822 |
| Subtotal | \$263,147,051 | \$1,320,567 | \$261,826,484 |

lowa State University has exempted library acquisitions, student scholarships, and student recruitment and retention programs from any budget reduction.

The University will decrease the number of teaching assistants available to support faculty and students for the spring semester and will reduce the number of staff available to provide laboratory assistance and support to faculty in their teaching role. The development of web-based formats for on campus and distance education classes will be delayed. Fewer improvements to teaching equipment will be made during this fiscal year. In isolated areas, class sizes for the spring semester were increased to accomplish the teaching needed with fewer temporary faculty.

The number of research assistants will be reduced with a corresponding decline in the progress made in some research programs. Progress on research initiatives will be slowed because of reduced travel and staff funding which could jeopardize future federal funding that relies on preliminary research results. Work to complete laboratory renovations in process will be slowed and in some instances delayed until the coming fiscal year.

The University will decrease funds for travel and program implementation thereby reducing the ability to deliver outreach programs to lowans making educational products less accessible. In particular, the availability of faculty and staff to provide assistance on issues associated with genetically modified organisms may be constrained in some areas.

Faculty recruitment will be slowed due to reduced funds to start-up research laboratories for the new hires. The level of funding for new faculty start-up packages will be curtailed which will affect the number of new faculty hired, the timing of those hires, and the timing of the start-up packages. The funding available for faculty recruitment will be decreased leading to fewer candidates being brought to campus, thus making the selection of the best individuals more difficult.

Staff recruitment will be delayed until the next fiscal year resulting in fewer or eliminated programs and services. Existing staff in various units will have to absorb additional responsibilities due to unfilled vacancies and some tasks will be deferred based on setting of priorities. Lower staffing levels will reduce the university's ability to respond to various federal and state compliance issues.

Equipment purchases will be delayed which will result in delays in upgrading of computer hardware and software systems as well as less computer hardware, software, and peripherals to support faculty and staff in their work. There will be reduced facilities design services, employee training, and development programs, and postal services as well as delays in responding to internal and external customer requests.

The University anticipates utility savings due to mild weather conditions this winter. However, if these savings are not fully realized, corresponding budget reductions will necessitate reduced access to some facilities.

Several student services initiatives involving new technology development and programming will be reduced. The development of collaborative student service initiatives involving academic units will be deferred.

Newsletters and other means of communicating with alumni and others will be delayed until the start of the new fiscal year. The University will also reduce projects and communication materials that advance the university's image through media and marketing.

UNIVERSITY OF NORTHERN IOWA FY 2000

| | Original Appropriations | Reduction | Revised Appropriations |
|-------------------------------|-------------------------|-----------|---------------------------|
| General University | \$87,742,830 | \$446,351 | \$87,296,479 |
| Recycling & Reuse | 248,878 | - | 248,878 |
| Metal Casting | 179,537 | - | 179,537 |
| Institute For Decision Making | 772,332 | | 772,332 |
| Subtotal | \$88,943,577 | \$446,351 | \$88,497,226 |

Immediately following the Governor's announcement of a planned FY 2000 appropriation reduction, the University's division heads instituted a campus-wide initiative to restrict spending and, in particular, to delay staffing commitments in anticipation of a reduction. The University had been conducting aggressive searches to replace the significant number of retirees/resignations that occurred during FY 1998 and FY 1999. The University will delay current searches and will use savings from vacancies created by academic retirements to meet this budget reduction.

IOWA SCHOOL FOR THE DEAF FY 2000

| | Original | | Revised |
|--------------------|---------------|-----------|---------------|
| | Appropriation | Reduction | Appropriation |
| General Operations | \$7,976,998 | \$40,631 | \$7,936,367 |

The School will reduce building which will impact the amount of scheduled and "in-progress" work that will be or is being done on the campus. Specifically, the replacement of fire retardant interior doors in the Administration Building (an identified Fire/Safety issue) will be postponed. In addition, some routine deferred maintenance projects will be postponed.

IOWA BRAILLE AND SIGHT SAVING SCHOOL FY 2000

| | Original | | Revised |
|--------------------|----------------------|-----------|---------------|
| | Appropriation | Reduction | Appropriation |
| General Operations | \$4,455,283 | \$22,358 | \$4,432,925 |

The School will eliminate the vacated Music/Spanish teaching position as a result of the deappropriation. These services are vital for the general educational development of all children --- blind and multi-impaired children are no exception. The School will continue to meet this need by contracting for music therapy services through the use of the School's endowment fund.

Budget reductions at the Iowa Braille and Sight Saving School will have adverse effects on the school's strategic planning efforts. Over the past few years, the School has made substantial reallocation of resources in conjunction with its strategic planning goals and initiatives.

BOARD OFFICE FY 2000

| | Original | | Revised |
|---------------------------|---------------|-----------|---------------|
| | Appropriation | Reduction | Appropriation |
| General Operations | \$1,287,045 | \$6,459 | \$1,280,586 |

The Board Office will reduce operating expenditures, other than personnel services, by 2.3% including travel, office supplies, and equipment. The revised FY 2000 operating budget will total \$1,563,008 with personnel services of \$1,289,630 and office operating expenditures of \$273,378.

| | Approved: | | |
|--------------------|-----------|----------------|--|
| Deb A. Hendrickson | | Frank J. Stork | |

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STATE ND OPE NTS, OF REGEN GENERAL BOARD FY 2000

| | | | lowa State U | niversity | | | | | | | Y 200 |
|--------------------------------|----------------|---------------|---------------|--------------|--------------|--------------|--|------------------------|------------------|--------------------|-------------------------|
| | Gen. | EXP. | Coop. | | Center of | Special | | University of Northern | | | Revised General Fund |
| | Univ | Station | EXT. | IPRT | Excellence | Purpose | Subtotal | lowa | 1SD | IBSSS | Tota |
| クエクングログ | | | | | | | | | | | |
| APPROPRIATIONS General Other | \$ 192,973,550 | \$ 36,111,635 | \$ 23,470,771 | \$4,572,801 | \$ 2,191,461 | \$ 2,506,266 | \$ 261,826,484 | \$ 88,497,226 | \$ 7,936,367 | \$ 4,432,925 | \$ 672,712,021 |
| | | | | | | | | | <u> </u> | _ | 4 D |
| RESOURCES Federal Support | | 2 0 0 0 2 K | | | | | 7 | | | (| |
| Sterest Ouppor | 975 000 | つつれつつつ | | | | | - 1,888,750 - 1,888,750 - 1,888,750 - 1,888,750 - 1,888,750 - 1,888,750 | | 28,000 28,000 | 133,400 148,800 | 14,850,915 7,260,852 |
| Tuition and Fees | 51,53 | 1 | | f | | | 5 | 33 045 937 |)) | o O | 389,00 |
| Reimb. Indirect Costs | 8,630,00 | | | i | | | 8,630,00 | 00,00 | | 21,096 | 40,255,46 |
| Sales and Service | 257,000 | 2,000 | | | | | 26 | 5,00 | 225,000 | , 16 | 6,223,93 |
| ther In | 3 | | 2.000 | | | | 1.268.000 | | | | 2.821.82 |
| Subtotal - Inst. Income | 105,176,537 | 3,854,235 | 8,155,000 | | | | 117,185,772 | 34,870,937 | 327,000 | 221,523 | 701,811,210 |
| TOTAL RESOURCE BUDGET | \$ 298,150,087 | \$ 39,965,870 | \$ 31,625,771 | \$ 4,572,801 | \$ 2,191,461 | \$ 2,706,266 | \$ 379,212,256 | \$ 123,368,163 | \$ 8,382,778 | \$ 4.729.637 | \$ 1.374.917.831 |
| | | | | | | | | | | | |
| | ,049 | 23 | ,051, | 1,216,350 | 200,000 | 330,898 | ω. W | 7,081, | 9,87 | 4 | 4 |
| Prof.& Sci. Staff Salaries | 48,452,350 | 8,675,414 | 16,501,553 | 1,614,130 | 80,000 | 671,561 | 75,995,008 | ,089 | 16.89 | 74 | 44.07 |
| General Service Staff Salaries | ,620, | ,86 | 14,3 | 291,404 | 30,000 | 25,49 | 4,841,58 | 8,207, | ,961,15 | 5,2 | 11,773,36 |
| Hourly Wages | 3.844.961 | 599.426 | 627.898 | 162.508 | 40.000 | 154.818 | 5.429.611 | 456 | | | 16.168.299 |
| Subtotal - Salaries | \$ 217,966,525 | \$ 33,367,736 | \$ 26,995,280 | \$ 3,284,392 | \$ 650,000 | \$ 1,382,775 | \$ 283,646,708 | \$ 96,833,453 | \$ 6,597,926 | \$3,797,700 | \$ 982,017,231 |
| Prof. and Scientific Supplies | 25,827,889 | 4,743,134 | 3,905,102 | 1,006,228 | 741,461 | 1,219,536 | 37,443,350 | 11,124,923 | 938,667 | 550,143 | 221,402,342 |
| Library Acquisitions | 6,929,261 | | | | | 1 | 6,929, | 1,773, | 8,7 | 8,56 | 17,681,28 |
| Rentals | 890,311 | | 150,000 | • | | 87,756 | 1,128,067 | 722.00 | | | 6.677 |
| Utilities | 17,055,871 | 450,000 | | | | 186 | 516.0 | 44.54 | 174.760 | 52 | 042.48 |
| Bldg. Repairs | ,450,09 | 505,000 | | • | | • | 002.00 | ,050,00 | .08 | , ic | 6.530.97 |
| S S | 462.31 | | | | | | 4623 | 135,00 | | 26.75. 26.75. | 1 107,00 1 107 QR |
| | 83.37 | 000 006 | 515 389 | 787 181 | | 16.012 | i (c | 77,00 | | 5 | 100,00 |
| Aid to Individuals | 984.44 | | | | | • | 984.44 | 440.17 | | Ž | 2,352.06 |
| Subtotal - Other Expenditures | \$ 80,183,562 | \$ 6,598,134 | \$ 4,630,491 | \$ 1,288,409 | \$ 1,541,461 | \$ 1,323,491 | \$ 95,565,548 | \$ 26,534,710 | \$ 1,784,852 | \$ 931,937 | \$ 392,900,600 |
| TOTAL EXPENDITURES | \$ 298,150,087 | \$ 39,965,870 | \$ 31,625,771 | \$ 4,572,801 | \$ 2,191,461 | \$ 2,706,266 | \$ 379,212,256 | \$ 123,368,163 | \$ 8,382,778 | \$ 4,729,637 | \$ 1,374,917,831 |
| | | | | | | | | | | | |

ROARD OF REGENTS, STATE OF IOWA REVISED FY 2000 GENERAL FUND OPERATING BUDGETS

| | | | University of I | 0 Wa | | | | | | |
|-----------|----------------|-----------------|-----------------|-------------------|--------------|-----------------|-----------------------|--------------------------|-----------------|---------------------|
| | Univ. Hosp. | Psych. Hosp. | Hosp. School | Oakdale Campus | Hyg. Lab | Family Prac. | SCHS Cancer/Mobile | College of Public Health | Special Purpose | Subtotal |
| | \$ 32,515,915 | \$ 8,200,258 | \$ 7.268.512 | \$ 3.153.570 | \$ 4.054.141 | \$ 2,386,901 | \$ 651,923 | \mathfrak{L} | \$3.514.657 | \$ 310,019,019 |
| \$ | | | | | | | | | | |
| | | | | . 000 | | 32,000 | 2,654,280 | | | 2,654,28 938,00 |
| 10 | 4 | 928,000 | 20,000 | 330,000 | . 0/0,98 | | | | | \(\frac{\circ}{2}\) |
| | 382,968,085 | 8,406,742 | 1,579,488 | 100.000 | 1,937,123 | | 172,334 | | | 395,063,772 |
| LO | 384,190,085 | 9,334,742 | 1,629,488 | 436,000 | 2,023,193 | 32,000 | 3,676,435 | | | 549,205,978 |
| | \$ 416,706,000 | \$ 17,535,000 | \$ 8,898,000 | \$3,589,570 | \$6,077,334 | \$2,418,901 | \$ 4,328,358 | \$ 950,000 | \$3,514,657 | \$ 859,224,997 |
| | 25,924,400 | 2,669,800 | 775,100 | | | 1,956,768 | 528,610 | 672,925 | 620,060 | 221,702,014 |
| 00 | 5,00 | 7, 193, 800 | ,102, | 149,659 | 364,59 | 265,051 | 90,80 | ∞ | 1,11,032 | 16, 168, 5. |
| က ဟ | 80,362,000 | 3,745,800 | 2,151,800 | 1,332,935 | 1,660,998 | 79,043 | 897,635 | | 316,052 | 144,988,372 |
| | 70 | \$ 13,768,200 | \$ 7,228,200 | \$ 1,482,594 | \$ 5,041,440 | \$ 2,339,965 | \$ 3,357,548 | \$ 801,140 | \$ 2,047,144 | 417 |
| | 129,194,500 | 2,868,600 | 1,062,100 | 562,600 | 1,020,894 | 78,936 | 935,210 | 81,000 | 1,279,972 | 45 |
| 4 0 | 3,631,400 | 78,000 | 146,800 | 000,9 | 15,000 | | | | | 4,827,200 |
| (C) | 10,801,600 | 653,900 | 207,600 | 1,120,078 | | | | | | 547 |
| ၁ က | <u> </u> | | | | | | | | | 7,77,7 428,9 |
| O | 8,967,100 | 71,000 | 72,500 | 24,200 | | | 35,600 | 9,79 | 187,541 | 16,881,660 |
| 7 | \$ 160,095,900 | \$ 3,766,800 | \$ 1,669,800 | \$ 2,106,976 | \$ 1,035,894 | \$ 78,936 | \$ 970,810 | 48,860 | \$ 1,467,513 | \$ 268,083,553 |
| | \$ 416,706,000 | \$ 17,535,000 | \$8,898,000 | \$3,589,570 | \$6,077,334 | \$ 2,418,901 | 4,328,358 | \$ 950,000 | 3,514,657 | \$ 859,224,997 |
| | | | | | | | | | | |